

### *THE BANK OF RUSSIA.*

Treasury to prevent exports of gold from Russia. The government decided to place loans abroad rather than at home, in order to pay for war supplies obtained in foreign countries. The balance of trade thus created against Russia was met by drafts upon the funds arising from the war loans in London, Paris, and Berlin and by the free sale by the bank of drafts against its foreign balances. From January 1 to May 16, 1904, the gold balances of the bank abroad fell from 169,100,000 roubles to 39,900,000 roubles (\$20,540,000).<sup>1</sup>

The Bank of Russia raised its discount rate early in 1904. from four and a half to five and a half per cent., but announced that, without encouraging speculation, it would extend generous accommodation to solvent borrowers and would re-discount freely for the private banks. Its own discounts rose from 431,900,000 roubles on November 23, 1903, to 472,700,000 roubles on January 1, 1904; but this increase was not much more than usually occurred in the beginning of the year and was offset by a decline to 400,600,000 roubles on November 23, 1904. The discounts of the private and joint-stock banks increased from 897,000,000 roubles in August, 1903, to 1,011,000,000 roubles in January, 1904, but fell back in August, 1904, to 962,000,000 roubles.

Some additional issues of notes were ultimately made during the war, but they were chiefly for the two objects of affording a convenient medium of circulation in Manchuria and of drawing gold from circulation into the coffers of the bank. The total increase in circulation during 1904 was 270,000,000 roubles, but this was largely offset by an increase of 181,000,000 roubles in the gold resources of the bank and an estimated decrease of 103,700,000 roubles in gold in circulation. Conditions in Manchuria were peculiar, in that the surrounding countries were not upon a gold basis. Silver was the money in general use, but passed by weight rather than by the nominal value of the coins. The Russian Government found it advisable, therefore, to accumulate a

<sup>1</sup> Helfferich, 89.